

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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**HOUSE BILL 1143
Committee Substitute Favorable 5/19/26**

Short Title: Principal Fellows & Admin. Intern. Stipends.

(Public)

Sponsors:

Referred to:

May 4, 2026

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE VARIOUS CHANGES TO THE PRINCIPAL FELLOWS PROGRAM
3 AND TO CODIFY ADMINISTRATIVE INTERNSHIP STIPENDS.
4 The General Assembly of North Carolina enacts:

5
6 **PART I. MODIFY ALLOWABLE USES OF FUNDS FOR THE PRINCIPAL FELLOWS**
7 **PROGRAM**

8 **SECTION 1.** Article 5C of Chapter 116 of the General Statutes reads as rewritten:

9 "Article 5C.

10 "North Carolina Principal Fellows Program.

11 **"§ 116-74.41. North Carolina Principal Fellows Commission established; membership.**

12 (a) There is established the North Carolina Principal Fellows Commission. The
13 Commission shall exercise its powers and duties independently in its administration of the North
14 Carolina Principal Fellows Program in accordance with this Article. The Director of the Program
15 shall staff the Commission in accordance with G.S. 116-74.49. The State Education Assistance
16 Authority as created in G.S. 116-203 ~~shall be~~ is responsible for awarding grants upon selection
17 of the recipients by the Commission in accordance with G.S. 116-74.46 and G.S. 116-74.46A
18 and executing agreements for forgivable scholarship loans, cancelling through service,
19 collecting, and otherwise enforcing the agreements under G.S. 116-74.48.

20 ...

21 **"§ 116-74.41A. Definitions.**

22 For the purposes of this Article, the following definitions apply:

- 23 (1) Authority or SEAA. – The State Education Assistance Authority as created in
24 G.S. 116-203.
- 25 (2) Commission. – The North Carolina Principal Fellows Commission.
- 26 (2a) Developmental grant. – A grant awarded to an eligible entity pursuant to
27 G.S. 116-74.46A.
- 28 (3) Eligible entity. – A for-profit or nonprofit organization or an institution of
29 higher education that has an evidence-based plan for preparing school leaders
30 who implement school leadership practices linked to increased student
31 achievement.
- 32 (4) High-need local school administrative unit. – A local school administrative
33 unit with the majority of its schools deemed to be high-need schools as defined
34 in subdivision (5) of this subsection.
- 35 (5) High-need school. – A public school that meets one or more of the following
36 criteria:



- 1 a. Is a school identified under Part A of Title I of the Elementary and
2 Secondary Education Act of 1965, as amended.
- 3 b. Is a persistently low-achieving school, as identified by the Department
4 of Public Instruction for purposes of federal accountability.
- 5 c. A middle school containing any of grades five through eight that feeds
6 into a high school with less than a seventy-five percent (75%)
7 four-year cohort graduation rate.
- 8 d. A high school with less than a seventy-five percent (75%) four-year
9 cohort graduation rate.
- 10 (6) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- 11 (7) Principal. – The highest administrative official in a public school building
12 with primary responsibility for the instructional leadership, talent
13 management, and organizational development of the school.
- 14 (7a) Principal Fellows grant. – A grant awarded to an eligible entity pursuant to
15 G.S. 116-74.46.
- 16 (8) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- 17 (9) Program. – The North Carolina Principal Fellows Program established
18 pursuant to G.S. 116-74.44.
- 19 (9a) Program participant. – An individual enrolled at an eligible entity that has
20 been awarded a Principal Fellows grant.
- 21 (10) Public school. – An elementary or secondary school located in North Carolina
22 that is operated by a local board of education, charter school board of
23 directors, regional school board of directors, chancellor for a University of
24 North Carolina laboratory school, an innovative school operator, or the United
25 States government.
- 26 (11) School leader. – An individual employed in a school leadership role, including
27 principal or assistant principal roles.
- 28 (12) Student achievement. – At the whole school level, after three years of leading
29 a school, consistent and methodologically sound measures of:
- 30 a. Student academic achievement.
- 31 b. Aggregated individual student academic growth.
- 32 c. Additional outcomes, such as high school graduation rates, the
33 percentage of students taking advanced-level coursework, or the
34 percentage of students who obtain a career-related credential through
35 a national business certification exam.
- 36 (13) Trust Fund. – The North Carolina Principal Fellows Trust Fund established
37 pursuant to G.S. 116-74.41B.

38 **"§ 116-74.41B. The North Carolina Principal Fellows Trust Fund.**

39 (a) Trust Fund Established. – The North Carolina Principal Fellows Trust Fund shall be
40 an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or
41 otherwise received by, (i) the Program for the award of Principal Fellows grants pursuant to
42 G.S. 116-74.44, and developmental grants, (ii) all funds received as repayment of scholarship
43 loans, including under the former Principal Fellows Program administered under G.S. 116-74.42
44 and the Transforming Principal Preparation Program under G.S. 116-209.77, and (iii) all interest
45 earned on these funds shall be placed in the Trust Fund.

46 (b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only
47 for the purposes set forth in this subsection, including the award of Principal Fellows grants
48 pursuant to G.S. 116-74.44, and developmental grants, administrative costs, and costs associated
49 with Program operations in accordance with this Article. The Authority may use up to two
50 percent (2%) of the funds appropriated for the Program or one hundred sixty thousand dollars
51 (\$160,000) from the Trust Fund, whichever is greater, each fiscal year for administrative costs,

1 including recovery of funds advanced under the Program, and may allocate to the Commission
2 up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for the
3 following:

- 4 (1) The salary and benefits of the director and staff of the Program.
- 5 (2) The expenses of the Commission to administer the Program.
- 6 (3) Program monitoring and evaluation.
- 7 (4) Extracurricular enhancement activities for the Program.
- 8 (5) Repealed by Session Laws 2019-60, s. 1(y), effective July 1, 2021.
- 9 (6) Programming on research-based school leadership practices to be shared with
10 eligible entities in order to improve principal preparation throughout the State.

11 (c) Remaining Funds. – If at the end of each fiscal year there are funds remaining in the
12 Trust Fund that are not obligated or otherwise encumbered for another purpose, upon the request
13 of the Commission, the Authority shall allocate the funds to the Commission for any of the
14 purposes identified in subdivisions (3) through (6) of subsection (b) of this section.

15 ...

16 **"§ 116-74.44. North Carolina Principal Fellows Program established; administration.**

17 (a) Established. – There is established the North Carolina Principal Fellows Program as
18 a competitive grant program for eligible entities for the purpose of elevating educators in North
19 Carolina public schools by transforming the preparation of principals across the State and
20 providing for forgivable scholarship loans to the participants of those school leader preparation
21 programs. The Authority shall administer the North Carolina Principal Fellows Program in
22 collaboration with the Commission as set forth in this Article to provide funds for the preparation
23 and support of highly effective future school principals in North Carolina.

24 (b) Program Administration. – The Commission shall select ~~grant recipients~~ recipients of
25 Principal Fellows grants and developmental grants and notify the Authority for the award of the
26 grants with the Authority acting as the fiscal agent for the Trust Fund with respect to grants
27 awarded by the Commission. The Commission shall also coordinate with Principal Fellows grant
28 recipients to provide extracurricular enhancement activities for program participants. The
29 Authority shall monitor the implementation of forgivable scholarship loans to school leader
30 preparation program participants, as authorized by this Article.

31 (c) Administration of Forgivable Scholarship Loans. – Upon the Principal Fellows grant
32 recipients' selection of the program participants for the school leader preparation programs, the
33 Commission shall transfer the names of all program participants to the Authority. The Authority
34 shall perform all of the administrative functions necessary to implement the forgivable
35 scholarship loans to the school leader preparation program participants, which functions shall
36 include rulemaking, disseminating information, acting as a liaison with participating eligible
37 entities, implementing forgivable loan agreements in the form of promissory notes, monitoring
38 loan repayment through service and cash, and performing all other functions necessary for the
39 execution, payment, and enforcement of promissory notes required under this Article.

40 (d) Prior Loan Monitoring. – The Authority, in collaboration with the Commission, shall
41 also monitor the implementation of forgivable scholarship loans to school leader preparation
42 program participants executed pursuant to G.S. 116-209.77, and the Authority shall administer
43 all outstanding forgivable scholarship loans previously awarded and subject to repayment under
44 the former Transforming Principal Preparation Program administered pursuant to Part 4 of
45 Article 23 of this Chapter.

46 **"§ 116-74.45. ~~Grant~~ Principal Fellows grant applications; priority.**

47 (a) Application Requirements. – Subject to the availability of funds for this purpose, the
48 Commission shall issue a request for proposal with guidelines and criteria for applying for a
49 Principal Fellows grant. An eligible entity that seeks a Principal Fellows grant shall submit to the
50 Commission an application at such time, in such manner, and accompanied by such information
51 as the Commission may require. Eligible entities may create partnerships to develop and establish

1 school leader preparation programs and apply jointly to be a grant recipient. An applicant shall
2 include at least the following information in its application for consideration by the Commission:

3 ...

4 (b) Application Priority. – The Commission shall evaluate the applicants for Principal
5 Fellows grants by giving priority to an eligible entity with a record of preparing principals
6 demonstrating the following:

- 7 (1) Improvement in student achievement.
- 8 (2) Placement as school leaders in eligible schools.
- 9 (3) A proposed focus on and, if applicable, a record of serving high-need schools,
10 high-need local school administrative units, or both.
- 11 (4) A detailed plan and commitment to share lessons learned and to improve the
12 capacity of other entities in reaching similar outcomes.
- 13 (5) A service area that is underserved by existing principal preparation programs
14 or demonstrates unmet need despite current available programs.

15 **"§ 116-74.46. Recipient-Principal Fellows grant recipient selection; use of grant funds;**
16 **duration and conditions of grants; reporting requirements.**

17 (a) Selection. – After evaluation of Principal Fellows grant applications pursuant to
18 G.S. 116-74.45, the Commission shall notify the Authority of its selection of the recipients of
19 Principal Fellows grants for each fiscal year. The Commission shall select up to eight Principal
20 Fellows grant recipients to be operating a school leader preparation program with grant funds in
21 any fiscal year.

22 (b) Use of Funds. – Each eligible entity that receives Principal Fellows grant funds shall
23 use those funds to carry out the following:

- 24 (1) Recruiting and selecting, based on a rigorous evaluation of the competencies
25 of the school leader candidates participating in the program and their potential
26 and desire to become effective school leaders.
- 27 (2) Operating a school leader preparation program that provides the opportunity
28 for all candidates to earn a master's degree, if they do not already have one,
29 and subsequent principal licensure by doing the following:
 - 30 a. Utilizing a research-based content and curriculum, including
31 embedded participant assessments to evaluate candidates before
32 program completion that prepares candidates to do the following:
 - 33 1. Provide instructional leadership, such as developing teachers'
34 instructional practices and analyzing classroom and
35 school-wide data to support teachers.
 - 36 2. Manage talent, such as developing a high-performing team.
 - 37 3. Build a positive school culture, such as building a strong school
38 culture focused on high academic achievement for all students,
39 including gifted and talented students, students with
40 disabilities, and English learners; maintaining active
41 engagement with family and community members; and
42 ensuring student safety.
 - 43 4. Develop organizational practices, such as aligning staff,
44 budget, and time to the instructional priorities of the school.
 - 45 b. Providing opportunities for sustained and high-quality job-embedded
46 practice in an authentic setting where candidates are responsible for
47 moving the practice and performance of a subset of teachers or for
48 school-wide performance as principal-in-planning or interim school
49 leaders.
- 50 (3) Collecting data on program implementation and program completer outcomes
51 for continuous program improvement.

1 (4) Covering the cost of attendance and completion for program participants for
2 the school leader preparation program from the funds received on behalf of
3 program participants through forgivable scholarship loans issued in
4 accordance with the requirements of G.S. 116-74.48.

5 (c) Duration and Conditions of Principal Fellows Grants. – The Commission shall also
6 notify the Authority of its decisions on the duration and renewal of Principal Fellows grants to
7 eligible entities made in accordance with the following:

8 ...

9 (d) Reporting Requirements for Grant Recipients. – Recipients of Principal Fellows
10 grants shall participate in all evaluation activities required by the Commission and submit an
11 annual report to the Commission with any information requested by the Commission. The
12 recipients shall comply with additional report requests made by the Commission. Whenever
13 practicable and within a reasonable amount of time, grant recipients shall also make all materials
14 developed as part of the program and with Principal Fellows grant funds publicly available to
15 contribute to the broader sharing of promising practices. Materials shall not include personally
16 identifiable information regarding individuals involved or associated with the program,
17 including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff,
18 without their prior written consent. The Commission shall work with recipients, local school
19 administrative units, and public schools, as needed, to enable the collection, analysis, and
20 evaluation of at least the following relevant data, within necessary privacy constraints:

21 ...

22 **"§ 116-74.46A. Developmental grants.**

23 (a) Selection. – Subject to the availability of funds after awarding Principal Fellows
24 grants, the Commission may select up to two eligible entities that did not receive Principal
25 Fellows grants to receive a one-year developmental grant of up to two hundred fifty thousand
26 dollars (\$250,000) per recipient. The Commission shall notify the Authority of selected
27 developmental grant recipients for each fiscal year.

28 (b) Use of Funds. – An eligible entity that receives a developmental grant may use those
29 funds for any of the permissible uses of a Principal Fellows grant in G.S. 116-74.46(b) except
30 for covering the cost of attendance and completion for program participants under
31 G.S. 116-74.46(b)(4).

32 (c) Renewal. – The Commission may renew a developmental grant up to five times based
33 on compliance with the grant terms and performance. The Commission shall notify the Authority
34 of its decisions on the renewal of developmental grants.

35 (d) Reporting Requirements for Grant Recipients. – Recipients of developmental grants
36 shall participate in all evaluation activities required by the Commission and, for each year in
37 which developmental grants are received, submit a report to the Commission with any
38 information requested by the Commission. The recipients shall comply with additional report
39 requests made by the Commission.

40 **"§ 116-74.47. Reports.**

41 The Commission shall provide the State Board of Education, the Authority, and the Joint
42 Legislative Education Oversight Committee with the data collected from grant recipients in
43 accordance with G.S. 116-74.46 and G.S. 116-74.46A on an annual basis.

44 **"§ 116-74.48. Terms of forgivable scholarship loans for program recipients.**

45 (a) Notes. – A program participant ~~shall be~~ is eligible for a forgivable scholarship loan in
46 the amount of up to twenty thousand dollars (\$20,000) per year for up to two years in the program,
47 with a maximum loan amount of forty thousand dollars (\$40,000) per participant. All forgivable
48 scholarship loans for school leader preparation program participants shall be evidenced by notes
49 made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year
50 as set by the Authority and beginning 90 days after completion of the school leader preparation
51 program, or 90 days after termination of the loan, whichever is earlier. The funds from the

1 forgivable scholarship loan shall be disbursed directly to the Principal Fellows grantee on behalf
2 of the recipient for participation in the school leader preparation program. The forgivable
3 scholarship loan may be terminated upon the recipient's withdrawal from the preparation program
4 or by the recipient's failure to meet the standards set by the Commission or the Principal Fellows
5 grantee.

6 ...

7 (c) Repayment Period. – The Authority, in collaboration with the Commission and
8 Principal Fellows grantees, shall monitor the acceptability of service repayment agreements and
9 compliance of the recipient with the agreement. The Commission shall notify the Authority of
10 any relevant information or change in the circumstances pertaining to the recipient impacting the
11 enforcement of the promissory note. A forgivable scholarship loan shall also be forgiven if the
12 Commission finds it is impossible for the recipient to work for four years as a school
13 administrator, within seven years after completion of the preparation program supported by the
14 loan, because of the death or permanent disability of the recipient. If the recipient repays the
15 forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid
16 within 10 years after completion of the school leader preparation program supported by the loan.
17 If the recipient completes the school leader preparation program, payment of principal and
18 interest shall begin no later than 27 months after the completion of the program. Should a
19 recipient present extenuating circumstances, the Authority may extend the period to repay the
20 forgivable scholarship loan in cash to no more than a total of 12 years.

21 "**§ 116-74.49. Staff to the Commission.**

22 The Commission shall appoint a director of the North Carolina Principal Fellows Program.
23 The director shall chair and staff the Commission and shall administer the extracurricular
24 enhancement activities of the Program. The University of North Carolina System Office shall
25 provide office space for the Program. The office space shall not be located on the campus of a
26 constituent institution."

27
28 **PART II. APPROPRIATION FOR PRINCIPAL FELLOWS PROGRAM**

29 **SECTION 2.** There is appropriated from the General Fund to the North Carolina
30 Principal Fellows Trust Fund the sum of five million dollars (\$5,000,000) in recurring funds
31 beginning in the 2026-2027 fiscal year to increase the number of Principal Fellows candidates
32 supported by the North Carolina Principal Fellows Program in accordance with Article 5C of
33 Chapter 116 of the General Statutes. These funds shall be allocated as follows:

- 34 (1) The sum of two million six hundred thousand dollars (\$2,600,000) to be used
35 to bring the number of Principal Fellows candidates receiving funds in the
36 2028-2034 award cycle into parity with the number of recipients in other
37 award cycles.
- 38 (2) The sum of two million four hundred thousand dollars (\$2,400,000) to expand
39 the number of Principal Fellows candidates supported by the Program with
40 the goal of having fifty-five percent (55%) of all principals employed in North
41 Carolina be graduates of the North Carolina Principal Fellows Program.

42
43 **PART III. ADMINISTRATIVE INTERNSHIP STIPENDS**

44 **SECTION 3.** Article 19 of Chapter 115C of the General Statutes is amended by
45 adding the following new section to read:

46 "**§ 115C-284.2. Administrative internship stipends.**

47 (a) Definitions. – The following definitions apply in this section:

- 48 (1) Administrative intern. – A participant enrolled full time in an approved
49 administrator preparation program who is completing a full-time internship
50 pursuant to G.S. 115C-284.1(d)(1).

1 (2) Administrator preparation program or APP. – As defined in
2 G.S. 115C-284.1(a).

3 (b) Stipend. – To the extent funds are made available for this purpose, the Department of
4 Public Instruction shall provide administrative interns with a 10-month stipend during the
5 internship that is the higher of the following:

6 (1) The beginning salary of an assistant principal.

7 (2) For a teacher who becomes an administrative intern, the salary the person
8 would earn as a teacher on the teacher salary schedule.

9 (c) If the funds made available for the stipends required by this section are insufficient to
10 fully fund the stipends, the Department of Public Instruction may use funds appropriated to the
11 State Public School Fund for this purpose.

12 (d) The North Carolina Principal Fellows Program or the APP where the administrative
13 intern is enrolled shall provide the Department of Public Instruction with certification of eligible
14 administrative interns in order to receive the stipends provided pursuant to this section.

15 (e) Report. – No later than February 15 of each year, the Department of Public Instruction
16 shall report to the Joint Legislative Education Oversight Committee on the stipends provided
17 pursuant to this section, including at least the following information:

18 (1) Demographic information of administrative interns.

19 (2) Total number of administrative interns.

20 (3) Number of administrative interns who are participating in the North Carolina
21 Principal Fellows Program.

22 (4) Number of administrative interns by APP.

23 (5) Number of administrative interns who serve as an assistant principal or
24 principal in a public school unit within five years of completing the internship,
25 disaggregated based on whether the intern participated in the North Carolina
26 Principal Fellows Program."

27
28 **PART IV. EFFECTIVE DATE**

29 **SECTION 4.** This act becomes effective July 1, 2026.